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## **Executive Summary Report**

**Appraisal Date 1/1/03 - 2003 Assessment Roll**

**Specialty Name:** Boeing

### **Total Population – Parcel Summary Data**

	<b>Land</b>	<b>Imps</b>	<b>Total</b>
<b>2002 Value</b>	\$342,937,300	\$968,183,500	\$1,311,120,800
<b>2003 Value</b>	\$371,041,500	\$920,505,800	\$1,291,547,300
<b>Percent Change</b>	+8.20%	-4.92%	-1.49%

Population: 88 parcels

### **Conclusion and Recommendation:**

Since the values recommended in this report improve equity, we recommend posting them for the 2003 Assessment Roll.

## ***Analysis Process***

### ***Specialty and Responsible Appraiser:***

Specialty Area – 625 Boeing

The following Appraiser did the valuation for this specialty:

Bonnie Christensen – Job Title: Commercial Senior Appraiser

### ***Highest and Best Use Analysis:***

***As if vacant:*** Market analyses of the area, together with current zoning and current and anticipated use patterns, indicate the highest and best use of the land.

***As if improved:*** Based on neighborhood trends, both demographic and current development patterns, the existing buildings represent the highest and best use of most sites. The existing use will continue until land value, in its highest and best use, exceeds the sum of value of the entire property in its existing use and the cost to remove the improvements. We find that the current improvements do add value to the property, in most cases, and therefore are the highest and best use of the property as improved. In those properties where the property is not at its highest and best use a token value of \$1,000.00 is assigned to the improvements.

### ***Special Assumptions, Departures and Limiting Conditions***

The sales comparison, income and cost approaches to value were considered for this mass appraisal valuation.

The following Departmental guidelines were considered and adhered to:

- Sales from 1/00 to 1/03 at a minimum were considered in all analyses.
- No market trends (market condition adjustments, time adjustments) were applied to sales prices. Models were developed without market trends. The utilization of three years of market information without time adjustments averaged any net changes over that time period.
- This report intends to meet the requirements of the Uniform Standards of Professional Appraisal Practice, Standard 6. While sales activity over several years has been analyzed, primary consideration was given to current economic conditions including vacancy and lease rates. In some areas, this may have an impact on sales price to assessed value relationships including coefficients of variation and ratios. In all cases, properties were valued uniformly with similar properties.

## ***Identification of the Area***

***Name or Designation:*** The Boeing Company

***Boundaries:*** King County

### ***Maps:***

A general map of the area is included in this report. More detailed Assessor's maps are located on the 7th floor of the King County Administration Building.

### ***Specialty Description:***

The Boeing Company is a world leader in the production of commercial jetliners. Their Commercial Airplanes operating group is headquartered in Renton, Washington. This group is comprised of two primary business units which are Airplane Programs, with facilities in Renton, and Seattle-based Commercial Aviation Services.

Several Boeing facilities within the Commercial Airplanes group are located in King County. Major sites include: Renton, which is the final assembly point for the 737, 757 and the Boeing Business Jet, Auburn, which is responsible for fabrication and aircraft systems and interiors, and Seattle which includes the Developmental Center, Plant 2/Boeing Field, the Thompson Site, Spares Distribution Center, and South Park. The Seattle locations are in the Commercial Aviation Services unit and provide customer support, maintenance, training and various other services. In addition to these locations, Boeing owns and occupies office properties in Tukwila, Bellevue and the Boeing Commercial Airplanes group headquarters in Longacres Park.

Also located in King County is the Kent Space Center which is in the Information, Space and Defense Systems operating group.

The Boeing Company continues to reduce its job force in King County. Both the Kent and Auburn sites have been segregated into parcels that enable the Company to sell property that is no longer an integral part of the business operation at that location. Consolidation is also occurring at the Renton site. The company continues to vacate leased properties as leases expire and anticipates reducing real estate inventory even further in the next few years.

***Preliminary Ratio Analysis:***

No ratio study was performed for Boeing properties due to the absence of sales data necessary to measure assessment levels and uniformity statistics.

***Land Value***

***Land Sales, Analysis, Conclusions:***

The geographic appraiser for each area in which a Boeing property is located is responsible for the land valuation model used. Adjustments to various parcels were made in order to allow for the cost to cure of environmental issues. A list of vacant sales used and those considered not reflective of market are included in the geographic appraiser's reports.

***Improved Parcel Total Values***

***Sales comparison approach model description:***

The sales comparison approach was not utilized because there are too few quality sales to form an efficient market. In general, these properties are useful for a specific purpose and rarely sell for investment purposes. Sales that have occurred have been for the future development of the land and not the continued use of the respective improvements on site at the time of sale.

***Cost approach model description:***

The cost approach was the primary valuation methodology for Boeing industrial properties. The Marshall & Swift Commercial Estimator was utilized which calculates the reproduction cost of an improvement and deducts the appropriate depreciation. The Marshall & Swift Valuation Service adjusts costs to the western United States region and the Seattle area.

***Cost calibration:***

Each appraiser valuing by cost can individually calibrate Marshall & Swift valuations to specific buildings by accessing the parcel computerized valuation model supplied by Marshall & Swift.

***Income capitalization approach model description:***

The income approach to value was considered and used primarily for Boeing owned or occupied office buildings. Lease rates, vacancy and collection loss statistics, typical expense amounts and capitalization rates appropriate to the subject property's geographic area were utilized.

***Income approach calibration:***

Income parameter data developed by the office specialist and the geographic appraisers was analyzed and utilized in the income valuation of some Boeing office properties.

***Reconciliation:***

All parcels were individually reviewed by the specialty appraiser for correctness before the final value was selected. Extraordinary obsolescence was considered on a case by case basis. Appropriate adjustments were applied when warranted and adequate documentation was provided.

## **Model Validation**

***Total Value Conclusions, Recommendations and Validation:***

Appraiser judgment prevails in all decisions regarding individual parcel valuation. Each parcel is field reviewed and a value selected based on general and specific data pertaining to the parcel, the neighborhood, and the market. The Appraiser determines which available value estimate may be appropriate and may adjust particular characteristics and conditions as they occur in the valuation area.

*The Speciality Appraiser recommends application of the Appraiser selected values, as indicated by the appropriate model or method.*

Application of the Boeing properties recommended values for the 2003 assessment year (taxes payable in 2004) results in a total decrease from the 2002 assessments of 1.49%. This small decrease is the result of decreases in improvement values resulting from normal depreciation, soft office market conditions and updated property characteristics.

## **USPAP Compliance**

### **Client and Intended Use of the Appraisal:**

*This summary mass appraisal report is intended for use only by the King County Assessor and other agencies or departments administering or confirming ad valorem property taxes. Use of this report by others is not intended by the appraiser. The use of this appraisal, analyses and conclusions is limited to the administration of ad valorem property taxes in accordance with Washington State law. As such it is written in concise form to minimize paperwork. The assessor intends that this report conform to the Uniform Standards of Professional Appraisal Practice (USPAP) requirements for a **mass appraisal report** as stated in USPAP SR 6-7. To fully understand this report the reader may need to refer to the Assessor's Property Record Files, Assessors Real Property Data Base, separate studies, Assessor's Procedures, Assessor's field maps, Revalue Plan and the statutes.*

*The purpose of this report is to explain and document the methods, data and analysis used in revaluation of King County. King County is on a six year physical inspection cycle with annual statistical updates. The revaluation plan is approved by Washington State Department of Revenue. The revaluation is subject to their periodic review.*

### **Definition and date of value estimate:**

#### **Market Value**

*The basis of all assessments is the true and fair value of property. True and fair value means market value (Spokane etc. R. Company v. Spokane County, 75 Wash. 72 (1913); Mason County Overtaxed, Inc. v. Mason County, 62 Wn. 2d (1963); AGO 57-58, No. 2, 1/8/57; AGO 65-66, No. 65, 12/31/65) . . . or amount of money a buyer willing but not obligated to buy would pay for it to a seller willing but not obligated to sell. In arriving at a determination of such value, the assessing officer can consider only those factors which can within reason be said to affect the price in negotiations between a willing purchaser and a willing seller, and he must consider all of such factors. (AGO 65,66, No. 65, 12/31/65)*

#### **Highest and Best Use**

WAC 458-12-330 REAL PROPERTY VALUATION—HIGHEST AND BEST USE.

*All property, unless otherwise provided by statute, shall be valued on the basis of its highest and best use for assessment purposes. Highest and best use is the most profitable, likely use to which a property can be put. It is the use which will yield the highest return on the owner's investment. Uses which are within the realm of possibility, but not reasonably probable of occurrence, shall not be considered in estimating the highest and best use.*

*If a property is particularly adapted to some particular use this fact may be taken into consideration in estimating the highest and best use. (Sammish Gun Club v. Skagit County, 118 Wash. 578 (1922)) The present use of the property may constitute its highest and best*

*use. The appraiser shall, however, consider the uses to which similar property similarly located is being put. (Finch v. Grays Harbor County, 121 Wash. 486 (1922)) The fact that the owner of the property chooses to use it for less productive purposes than similar land is being used shall be ignored in the highest and best use estimate. (Sammish Gun Club v. Skagit County, 118 Wash. 578 (1922))*

*Where land has been classified or zoned as to its use, the county assessor may consider this fact, but he shall not be bound to such zoning in exercising his judgment as to the highest and best use of the property. (AGO 63-64, No. 107, 6/6/64)*

### **Date of Value Estimate**

*All property now existing, or that is hereafter created or brought into this state, shall be subject to assessment and taxation for state, county, and other taxing district purposes, upon equalized valuations thereof, fixed with reference thereto on the first day of January at twelve o'clock meridian in each year, excepting such as is exempted from taxation by law. [1961 c 15 §84.36.005]*

*The county assessor is authorized to place any property that is increased in value due to construction or alteration for which a building permit was issued, or should have been issued, under chapter 19.27, 19.27A, or 19.28 RCW or other laws providing for building permits on the assessment rolls for the purposes of tax levy up to August 31st of each year. The assessed valuation of the property shall be considered as of July 31st of that year. [1989 c 246 § 4]*

*Reference should be made to the property card or computer file as to when each property was valued. Sales consummating before and after the appraisal date may be used and are analyzed as to their indication of value at the date a valuation. If market conditions have changed then the appraisal will state a logical cutoff date after which no market date is used as an indicator of value.*

### **Property rights appraised:**

#### **Fee Simple**

*The definition of fee simple estate as taken from The Third Edition of The Dictionary of Real Estate Appraisal, published by the Appraisal Institute. "Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat."*

### **Assumptions and Limiting Conditions:**

- 1. No opinion as to title is rendered. Data on ownership and legal description were obtained from public records. Title is assumed to be marketable and free and clear of all liens and encumbrances, easements and restrictions unless shown on maps or property record files. The property is appraised assuming it to be under*

*responsible ownership and competent management and available for its highest and best use.*

2. *No engineering survey has been made by the appraiser. Except as specifically stated, data relative to size and area were taken from sources considered reliable, and no encroachment of real property improvements is assumed to exist.*
3. *No responsibility for hidden defects or conformity to specific governmental requirements, such as fire, building and safety, earthquake, or occupancy codes, can be assumed without provision of specific professional or governmental inspections.*
4. *Rental areas herein discussed have been calculated in accord with generally accepted industry standards.*
5. *The projections included in this report are utilized to assist in the valuation process and are based on current market conditions and anticipated short term supply demand factors. Therefore, the projections are subject to changes in future conditions that cannot be accurately predicted by the appraiser and could affect the future income or value projections.*
6. *The property is assumed uncontaminated unless the owner comes forward to the Assessor and provides other information.*
7. *The appraiser is not qualified to detect the existence of potentially hazardous material which may or may not be present on or near the property. The existence of such substances may have an effect on the value of the property. No consideration has been given in this analysis to any potential diminution in value should such hazardous materials be found (unless specifically noted). We urge the taxpayer to retain an expert in the field and submit data affecting value to the assessor.*
8. *No opinion is intended to be expressed for legal matters or that would require specialized investigation or knowledge beyond that ordinarily employed by real estate appraisers, although such matters may be discussed in the report.*
9. *Maps, plats and exhibits included herein are for illustration only, as an aid in visualizing matters discussed within the report. They should not be considered as surveys or relied upon for any other purpose.*
10. *The appraisal is the valuation of the fee simple interest. Unless shown on the Assessor's parcel maps, easements adversely affecting property value were not considered.*
11. *An attempt to segregate personal property from the real estate in this appraisal has been made.*
12. *The movable equipment and/or fixtures have not been appraised as part of the real estate. The identifiable permanently fixed equipment has been appraised in accordance with RCW 84.04.090 and WAC 458-12-010.*
13. *I have considered the effect of value of those anticipated public and private improvements of which I have common knowledge. I can make no special effort to contact the various jurisdictions to determine the extent of their public improvements.*
14. *Exterior inspections were made of all properties in the physical inspection areas (outlined in the body of the report) however; due to lack of access and time few received interior inspections.*

**Departure Provisions:**

*Which if any USPAP Standards Rules were departed from or exempted by the Jurisdictional Exception*

SR 6-2 (g)

*The assessor has no access to title reports and other documents. Because of budget limitations we did not research such items as easements, restrictions, encumbrances, leases, reservations, covenants, contracts, declarations and special assessments. The mass appraisal must be completed in the time limits as indicated in the Revaluation Plan and as budgeted.*

**CERTIFICATION:**

*I certify that, to the best of my knowledge and belief:*

- *The statements of fact contained in this report are true and correct*
- *The report analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.*
- *I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.*
- *I have no bias with respect to the property that is the subject of this report or to the parties involved.*
- *My engagement in this assignment was not contingent upon developing or reporting predetermined results.*
- *My compensation for completing this assignment is not contingent upon the development or reporting of predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.*
- *My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.*
- *The area(s) physically inspected for purposes of this revaluation are outlined in the body of this report.*
- *Information provided in either the geographic area or specialty appraisal reports of the individuals listed below was analyzed and utilized by the person signing this certification in the valuation of limited properties in this specialty.*
  1. *Janet Collins – Commercial Appraiser II*
  2. *Lou Willett – Assistant Chief Appraiser*

<b>BOEING VALUES 2003</b>					
<b>Major</b>	<b>Minor</b>	<b>Property Name</b>	<b>Land Value</b>	<b>Imp Value</b>	<b>Total value</b>
000160	0014	BOEING VACANT LAND	4,284,800	0	4,284,800
000160	0020	BOEING PLANT 2	4,760,600	16,383,400	21,144,000
000340	0018	BOEING DEVELOPMENTAL CENTER	21,450,200	35,584,000	57,034,200
000340	0021	BOEING MILITARY FLIGHT CENTER	10,528,400	3,254,900	13,783,300
000340	0026	BOEING PARKING	1,690,100	1,000	1,691,100
000340	0028	BOEING PARKING	980,100	1,000	981,100
000340	0048	BOEING PARKING	603,300	1,000	604,300
000740	0033	BOEING THOMPSON SITE	8,384,700	9,139,800	17,524,500
002200	0005	BOEING PLANT 2	7,768,000	56,439,000	64,207,000
002200	0195	BOEING PLANT 2	217,100	0	217,100
012204	9022	WESTERN PROCESSING	2,614,500	160,600	2,775,100
012204	9053	BOEING VACANT LAND	840,100	0	840,100
022204	9019	BOEING KENT SPACE CENTER	5,395,900	3,018,100	8,414,000
022204	9062	BOEING KENT SPACE CENTER	5,338,300	19,487,400	24,825,700
022204	9063	BOEING KENT SPACE CENTER	6,791,500	10,946,700	17,738,200
022204	9064	BOEING KENT SPACE CENTER	3,338,000	12,173,600	15,511,600
022204	9065	BOEING KENT SPACE CENTER	1,415,100	2,734,800	4,149,900
022204	9066	BOEING KENT SPACE CENTER	5,230,800	11,390,200	16,621,000
022204	9067	BOEING KENT SPACE CENTER	6,866,700	23,259,900	30,126,600
022204	9068	BOEING KENT SPACE CENTER	5,227,200	14,859,100	20,086,300
022204	9069	BOEING-KENT SPACE CENTER	1,472,300	3,740,400	5,212,700
022204	9070	BOEING	1,557,400	1,940,800	3,498,200
022204	9071	BOEING	1,412,300	1,771,400	3,183,700
022204	9072	BOEING - TRACT X (STORM DETENTION)	21,700	0	21,700
022204	9073	BOEING - ROAD EASEMENT	1,000	0	1,000

030150	0120	BOEING OFFICE	2,705,000	10,440,000	13,145,000
030150	0270	VACANT LAND	611,900	0	611,900
042304	9016	BOEING VACANT LAND	1,339,100	0	1,339,100
042304	9047	BOEING VACANT LAND	5,000	0	5,000
042304	9150	BOEING EMPLOYEES ACTIVITY CENTER	10,470,900	1,000	10,471,900
042304	9183	BOEING VACANT LAND	36,000	0	36,000
072305	9001	BOEING RENTON	54,348,800	60,686,100	115,034,900
072305	9046	BOEING VACANT LAND	1,008,800	0	1,008,800
072305	9100	BOEING BN R. R. R/W	908,200	0	908,200
082305	9011	BOEING RENTON	4,933,200	103,000	5,036,200
082305	9037	BOEING RENTON PARKING	1,512,800	0	1,512,800
082305	9079	BOEING RENTON	11,386,300	15,017,100	26,403,400
082305	9152	BOEING RENTON	9,086,500	29,116,200	38,202,700
082305	9187	BOEING RENTON PARKING	1,029,800	0	1,029,800
082305	9204	BOEING RENTON PARKING	2,319,700	0	2,319,700
082305	9209	BOEING RENTON PARKING	753,700	0	753,700
088670	0220	HQ COML AIRPLANE GROUP	1,096,100	34,938,700	36,034,800
088670	0230	FAMILY CARE CENTER BUILIDNG	1,403,000	2,151,600	3,554,600
092304	9155	DUWAMISH OFFICE PARK	5,488,500	28,950,800	34,439,300
112405	9004	BOEING COMPUTER SERVICES	32,767,500	63,515,900	96,283,400
122204	9068	BOEING VACANT LAND	105,900	0	105,900
125381	0020	BOEING ELECTRONICS CENTER OFFICES	4,701,700	21,167,400	25,869,100
125381	0041	BOEING R.R. R/W	17,700	0	17,700
125381	0055	BOEING OFFICE	1,231,900	4,370,400	5,602,300
162304	9238	BOEING SPARES DISTRIBUTION CENTER	5,436,300	55,792,700	61,229,000
218500	0005	BOEING PLANT 2 PARKING	674,800	0	674,800
222406	9044	BOEING OPUS NORTHWEST	3,532,200	20,569,900	24,102,100
242104	9069	BOEING AUBURN PLANT	10,492,100	24,770,600	35,262,700
242104	9090	BOEING AUBURN PLANT	5,821,200	6,026,900	11,848,100
242304	9022	BOEING LONGACRES PARK	7,334,400	59,768,100	67,102,500
242304	9048	BOEING LONGACRES PARK	606,000	3,224,100	3,830,100
242304	9050	BOEING LONGACRES PARK VACANT	241,200	0	241,200
242304	9052	BOEING LONGACRES PARK VACANT	111,000	0	111,000
242304	9055	BOEING LONGACRES PARK VACANT	169,900	0	169,900
242304	9071	BOEING LONGACRES PARK VACANT	202,100	0	202,100
242304	9088	BOEING WAREHOUSE	355,500	265,400	620,900
252104	9021	BOEING AUBURN PROPERTY	1,683,100	17,550,000	19,233,100
252104	9083	BOEING AUBURN PARKING	1,765,000	0	1,765,000
252104	9104	BOEING AUBURN PLANT	2,744,100	12,541,000	15,285,100
252104	9105	BOEING AUBURN PLANT	4,115,900	6,516,700	10,632,600
252104	9106	BOEING AUBURN PLANT	7,100,200	47,833,100	54,933,300
252104	9107	BOEING AUBURN PLANT	6,197,000	18,328,600	24,525,600
252104	9111	BOEING TRANSPORTATION TERMINAL	2,233,400	1,761,100	3,994,500
282404	9009	BOEING PLANT 2	1,273,500	32,319,300	33,592,800
282404	9042	BOEING TRANSMITTER SITE	91,800	1,000	92,800
292404	9056	BOEING PLANT 2 PARKING	98,100	0	98,100
292404	9066	BOEING FIELD	1,703,500	1,000	1,704,500

292404	9098	BOEING PLANT 2 PARKING	41,300	0	41,300
292404	9106	BOEING FIELD	2,996,400	4,339,100	7,335,500
331060	0100	BOEING VACANT LAND	1,315,000	0	1,315,000
331060	0375	BOEING VACANT LAND	512,400	0	512,400
331060	0385	BOEING VACANT LAND	564,400	0	564,400
332404	9002	BOEING PLANT 2	4,437,900	12,432,500	16,870,400
382900	0005	BOEING VACANT LAND (Contaminated)	281,300	0	281,300
562420	0990	BOEING DEVELOPMENTAL CENTER	6,189,800	13,638,400	19,828,200
562420	1032	BOEING DEVELOPMENTAL CENTER	9,513,500	29,260,100	38,773,600
562420	1034	BOEING DEVELOPMENTAL CENTER	2,388,600	1,956,900	4,345,500
562420	1036	BOEING DEVELOPMENTAL CENTER	1,417,400	354,300	1,771,700
562420	1038	BOEING DEVELOPMENTAL CENTER	1,648,200	412,000	2,060,200
722300	0105	BOEING RENTON OFFICE & GARAGE	5,077,500	11,830,600	16,908,100
722300	0115	BOEING VACANT LAND	1,140,400	0	1,140,400
756460	0055	BOEING RENTON OFFICE & GARAGE	2,486,900	26,356,300	28,843,200
788360	8601	BOEING SOUTH PARK	9,590,100	15,910,800	25,500,900
		<b>Total Values</b>	371,041,500	920,505,800	1,291,547,300